

AMENDED IN SENATE MARCH 31, 2009

**SENATE BILL**

**No. 732**

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**Introduced by Senator Alquist**

February 27, 2009

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~~An act relating to public health.~~ *An act to add Section 14126.024 to the Welfare and Institutions Code, relating to Medi-Cal.*

LEGISLATIVE COUNSEL'S DIGEST

SB 732, as amended, Alquist. ~~Medi-Cal reimbursement: Medi-Cal: long-term care reimbursement: cost reporting methodology.~~

Existing law provides for the Medi-Cal program, administered by the State Department of Health Care Services, under which health care services, including ~~intermediate care~~ nursing facility services for persons with developmental disabilities, are provided to qualified low-income persons. Existing law prescribes procedures for Medi-Cal reimbursement at these facilities.

~~Existing law requires that, as a condition of Medi-Cal program participation, and subject to federal approval, there be imposed a quality assurance fee on designated intermediate care facilities, with the moneys collected from these fees to be used for specified purposes under the Medi-Cal program to support quality improvement of intermediate care facilities, as prescribed.~~

~~This bill would declare the intent of the Legislature to enact legislation relating to those provisions.~~

*The Medi-Cal Long-Term Care Reimbursement Act requires the department to implement a facility-specific ratesetting system, subject to federal approval and the availability of federal funds, that uses a cost-based reimbursement rate methodology that reflects the costs and staffing levels associated with quality of care for residents in skilled*

nursing facilities, except as specified. Under existing law, the methodology is required to reflect the sum of the projected cost of specified cost categories and passthrough costs. Under existing law, the rate methodology shall cease to be implemented on and after July 31, 2011.

This bill would require the department, in consultation with the Office of Statewide Health Planning and Development, by July 1, 2010, to establish a cost reporting methodology that allows the department to adjust rates in a manner that is expedient and achieves the intent of the Medi-Cal Long-Term Care Reimbursement Act. This bill would require the cost reporting methodology to itemize costs, including passthrough costs, within each of the specified cost categories. This bill would authorize the department, in establishing the cost reporting methodology, to update and modify existing cost reporting mechanisms, as specified.

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1     SECTION 1. Section 14126.024 is added to the Welfare and
- 2     Institutions Code, to read:
- 3         14126.024. (a) The department, in consultation with the Office
- 4     of Statewide Health Planning and Development, shall, by July 1,
- 5     2010, establish a cost reporting methodology that allows the
- 6     department to adjust rates in a manner that is expedient and
- 7     achieves the intent of this article.
- 8         (b) The cost reporting methodology shall itemize costs, including
- 9     passthrough costs, within each cost category specified in Section
- 10    14126.023. The department shall consult with representatives of
- 11    skilled nursing facilities, labor, and consumers when it determines
- 12    what costs shall be itemized.
- 13         (c) The department shall continue to collect the cost data
- 14    reported prior to July 1, 2010, in the new cost reporting
- 15    methodology.
- 16         (d) In establishing the cost reporting methodology, the
- 17    department may update and modify existing cost reporting
- 18    mechanisms, including the integrated long-term care disclosure,
- 19    the Medi-Cal cost report required by Section 128730 of the Health
- 20    and Safety Code, and any facility financial disclosure reports or

1 *supplemental information provided to the department for the*  
2 *purposes of rate adjustment.*

3 ~~SECTION 1. It is the intent of the Legislature to enact~~  
4 ~~legislation relating to the provisions of the Medi-Cal Long-Term~~  
5 ~~Care Reimbursement Act (Article 3.8 (commencing with Section~~  
6 ~~14126) of Chapter 7 of Part 3 of Division 9 of the Welfare and~~  
7 ~~Institutions Code) and the Skilled Nursing Facility Quality~~  
8 ~~Assurance Fee (Article 7.5 (commencing with Section 1324) of~~  
9 ~~Chapter 2 of Division 2 of the Health and Safety Code).~~